



**Illinois Department of Transportation  
Bureau of Accounting and Auditing  
Audit Section**

**Statement  
of  
Purpose, Authority, and Responsibility**

**Prepared and Submitted By:**

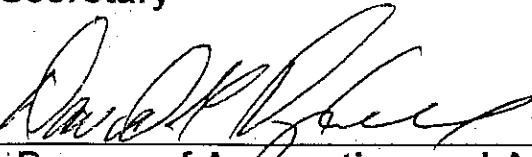
  
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**Chief of Audits**

**Approved By:**

  
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**IDOT Secretary**

1/22/01

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**Date**

  
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**Chief, Bureau of Accounting and Auditing**

1/22/01

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**Date**

**Illinois Department of Transportation  
Bureau of Accounting and Auditing – Audit Section  
Statement of Purpose, Authority, and Responsibility**

1. **ORDER:**

To provide financial integrity and to assist in achieving an effective, efficient, and economical administration of funds, the Department shall have an audit organization for the conduct of internal and external financial audit programs.

2. **AUTHORITY:**

The State of Illinois Fiscal Control and Internal Auditing Act of 1989 mandates that each designated State agency establish a "full-time program of internal auditing". The Act stipulates that each internal auditing program include:

- A. A two year plan which identifies audits scheduled for the pending fiscal year and is approved by the Secretary of the Illinois Department of Transportation before the beginning of the fiscal year. The Chief of Audits submits a written report to the Secretary, by September 30 of each year, which details the accomplishments of the audit plan, the significant findings, and the extent to which recommended changes were implemented.
- B. Audits of major internal accounting and administrative control systems, conducted at least once every two years.
- C. Reviews of the design of major new electronic data processing systems and major modifications of those systems prior to installation to ensure the systems provide for adequate audit trails and accountability.
- D. Special audits of operations, procedures, programs, electronic data processing systems, and activities as directed by the Secretary of the Illinois Department of Transportation.

In accordance with the Fiscal Control and Internal Auditing Act of 1989, the Audit Section shall have the power and authority necessary to carry out the duties required by this Act, including access to all necessary records, personnel, and physical properties.

3. **OBJECTIVE:**

The Audit Section examines and evaluates IDOT activities and functions as a service to the Department. By measuring and evaluating operations and internal controls, the Section assists IDOT management and staff in providing assurance that:

- A. resources are utilized efficiently, effectively and in compliance with applicable laws:

- B. obligations and costs are in compliance with applicable laws:
- C. funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation:
- D. revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources; and
- E. funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities, and that no unauthorized funds exist.

The Audit Section reports all exceptions noted to management and recommends practical and economical corrective action.

4. **SCOPE:**

Audits performed by the Audit Section include:

- A. examining and evaluating the adequacy and effectiveness of the Department's or external entities internal control systems.
- B. evaluating the quality of internal operating performance against established standards in accomplishing assigned responsibilities, and
- C. determining if costs claimed by external entities are in accordance with State and Federal policies, procedures, and laws.

The scope of the examination/evaluation performed in the various areas of the Department or external entity includes the review of:

- A. The reliability and the integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
- B. The systems established to ensure compliance with policies, plans, procedures, laws, regulations, and contracts that could have a significant impact on operations and reports.
- C. The means of safeguarding assets and verifying their existence.
- D. The economy and the efficiency with which resources are employed.
- E. Operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

5. **AUDIT STANDARDS:**

Audit standards are criteria for the guidance of audit operations. Audit standards:

- A. relate to the scope and quality of the audit effort.
- B. determine the characteristics of the audit report, and
- C. are used to measure the quality of the audit performance.

The Audit Section has adopted the following standards:

- A. Government Auditing Standards (GAO Standards) issued by the Comptroller General of the United States.
- B. Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.
- C. The applicable reporting and field work standards published by the American Institute of Certified Public Accountants. (These must be followed on audits expressing an opinion on financial statements alone.)

The Audit Section will conform to the above standards in performing audits of and for the Illinois Department of Transportation (insofar as such standards are applicable).

6. **ORGANIZATIONAL STRUCTURE:**

**INDEPENDENCE** - The Audit Section is an integral part of IDOT and functions in accordance with the policies and procedures established by the Department. However, in order to perform their duties, auditors must be independent of the activities and functions they audit. To enhance and ensure this independence, the Chief of Audits and his/her staff are authorized full access to Department functions, records, property, and personnel.

**ACCOUNTABILITY** - In the routine operation of the Audit Section, the Chief of Audits shall report and be responsible to the Bureau Chief of Accounting and Auditing. Also, s/he shall have access and may report directly to the Secretary of the Illinois Department of Transportation on any audit.

**MANAGERIAL RESPONSIBILITY** - The Audit Section, in the performance of its work, shall assert no direct responsibility/authority over the IDOT activities/functions audited. Therefore, its review and appraisal of activities does not relieve persons in the audited area of any responsibilities assigned to that particular area.

**OBJECTIVITY** – Objectivity is essential to auditing. Therefore, auditors will **not**:

- A. develop or install accounting procedures or controls,
- B. prepare records,
- C. perform functions that Audit Section personnel normally review or appraise, and or
- D. engage in activities that could reasonably be construed to compromise his/her independence.

Objectivity need not be adversely affected by the determination and the recommendation of standards and control techniques to be applied in developing systems and procedures under his/her review nor by lending his/her technical assistance to management in systematic analysis of operations or activities.

7. **RESPONSIBILITIES OF THE CHIEF OF AUDITS:**

**MANAGEMENT** - The Chief of Audits manages/directs a professional staff engaged in various types/phases of simple/complex audits. Auditees may consist of IDOT internal operations or entities such as railroads, utilities, consultants, nonprofit organizations, transit districts, airports, Federal agencies, and various local governments.

**POLICIES AND PROCEDURES** - The Chief of Audits is assigned the responsibility of developing and maintaining audit manual(s), identifying and describing the audit programs and establishing goals for conducting each audit. In addition, s/he must develop new audit approaches and techniques to adapt to changing requirements and laws.

**AUDIT REVIEW** - The Chief of Audits is responsible for the review and approval of audit reports and findings. S/he must determine whether findings should stand or be modified, assure that audit staff follow-up on all findings and recommendations, and ascertain that all findings are satisfactorily resolved.

**ANNUAL AUDIT PLAN** - The Chief of Audits is responsible for the development of an annual audit work plan that addresses audit goals and objectives, legislative mandates, Federal requirements and Departmental priorities (within available audit resources) considering audit risk, balanced audit coverage, audit history, and staff competence.

**COMPLIANCE WITH THE FISCAL CONTROL AND INTERNAL AUDITING ACT OF 1989** - In order for the Secretary of the Illinois Department of Transportation to submit certification to the Auditor General, the Chief of Audits must supply data which indicates that :

- A. Systems of internal fiscal and administrative controls have been reviewed and "fully comply with the requirements of the Act", or
- B. If the systems do not fully comply, describe the material weaknesses in controls, and the plans and schedules for correcting the weaknesses, or reasons why the weaknesses cannot be corrected.

ADVISORY ROLE - The Chief of Audits must participate and/or confer, in an advisory capacity, with divisions and offices to resolve administrative problems and improve policies, procedures and program efficiency.

COORDINATOR OF AUDIT EFFORTS - Where appropriate, the Chief of Audits will coordinate audit operations with Federal and State agencies.

OTHER - The Chief of Audits must:

- A. administer an auditor training program;
- B. assure adherence to GAO, IIA, and AICPA Standards;
- C. participate in the more sensitive and complex audits;
- D. motivate subordinates and
- E. perform special reviews and audits for the IDOT Secretary.

8. **RULES OF PROFESSIONAL CONDUCT:**

In recognizing that individual judgment is required in the application of professional principles, members of the Audit Section Staff have a responsibility to conduct themselves so that their good faith and integrity shall not be open to question. While having due regard for the limit of their skills, they shall promote the highest possible auditing standards.

Members of a profession such as government auditing must maintain high standards of conduct to gain credibility in the sight of those who depend on the professional's work. This credibility lends authenticity to the auditor's reports as to independence, factuality, accuracy, and objectivity.

The following rules of professional conduct are deemed an appropriate code of ethics for all auditors of the Audit Section. On this basis, all auditors are obligated to:

- A. Exercise honesty, objectivity, and diligence in the performance of their duties and responsibilities.
- B. Exhibit loyalty in all matters pertaining to the affairs of IDOT and shall not knowingly be a party to any illegal or improper activity.

- C. Refrain from entering into any activity which may be in conflict with the interest of IDOT or which would prejudice their ability to objectively carry out their duties and responsibilities.
- D. Refrain from accepting fees or gifts from auditees or business associates or IDOT or from internal sources which would impair or be presumed to impair their professional judgment.
- E. Be prudent in the use of information acquired in the course of their duties and not use confidential information for any personal gain or in a manner which would be contrary to law or detrimental to the welfare of IDOT.
- F. Use reasonable care to obtain sufficient, factual evidence to support the conclusions drawn and, in reporting, reveal all material facts known to them which, if not revealed, could either distort the report of the results of operations under review or conceal an unlawful practice.
- G. Continually strive for improvement in their proficiency, and in the effectiveness and quality of their service.
- H. Be mindful of their responsibility to IDOT to maintain a high standard of competence, morality, and dignity.